

REMARKS

Reconsideration and Allowance of this application, as amended, are respectfully requested. Claims 122 and 131 have been amended and are believed to be statutory under 35 USC 101. The remaining claims have been cancelled.

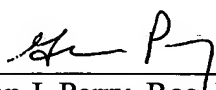
Claims 122 and 131, respectively method and apparatus claims, operate on data representing video signals and perform the useful operation of coding that data (representing pictures). This subject matter has been recognized as being statutory subject matter by the USPTO for many years (witness the large number of CODEC patents having both method and apparatus claims).

The method claim recites steps in which signal values are read and manipulated. The apparatus claim recites "hardware" in which signal values are stored. It is respectfully requested that the rejection be withdrawn and that amended claims 122 and 131 be allowed.

If any other fees under 37 C.F.R. §§1.16 or 1.17 are due in connection with this filing, please charge the fees to Deposit Account No. 02-4300; Order No. 033216.0171.

If an extension of time under 37 C.F.R. § 1.136 is necessary that is not accounted for in the papers filed herewith, such an extension is requested. The extension fee should be charged to Deposit Account No. 02-4300; Order No. 033216.0171.

Respectfully submitted,
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